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Interview with Andy Schwartz
Owner of Broadway Toys and a Town of Jackson
Planning Commissioner

Interviewed by Ben Read
under the auspices of the Wyoming Council
for the Humanities
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Andy and I spoke mostly about the recent surge in commercial real estate development. During the summer of 1993, an unprecedented number of new boutiques, restaurants, and galleries and opened in the Town of Jackson, as though a large group of investors had acquired some knowledge about local conditions, that most people didn't have.

As the owner of a very successful small business near the Town Square, Andy has a front line seat on the events of the summer. Who are these newcomers; are they locals? Is there room in the local economy for everyone.

We spoke for about a half hour with several interruptions from our children.

(Interviewer): To begin with, what's going on in the commercial real estate business. There's been this monumental growth in commercial floor space this past summer.

(Schwartz): The way I see it is that the problem goes back to the last plan. Ralph (Gill) was basically in charge, and all of his buddies said I'd really rather have my property zoned commercial because we can resell it for more down the road. Now, it's really hard to turn back the pages and downzone commercial to residential. It's damn close to impossible to do from the political of view, which in theory as a planner I'm not involved in. But I'm a realist and I realize if we start downzoning, we're going to lose the support we'll need. And it's not the most important thing.

And so the way I see it is that the only thing to limit commercial growth is to limit lodging. It's the only real thing we can do at this stage of the game to slow down the tourist-oriented commercial which is what everybody cares about.

That's my argument with Bill (Westbrook, town mayor). He's fine with the lodging overlay; he just doesn't like how restrictive it is. (The draft plan creates a lodging district for the purpose of funneling new lodging construction into the downtown area. The goal of this proposal is to rein in strip development and to help alleviate traffic and parking congestion by stimulating pedestrian traffic downtown).

(Interviewer): In terms of its location or its physical smallness?

(Schwartz): Specifically, Bill wants it to go down Broadway to the Y (intersection where there is a 12 acres of contiguous, undeveloped commercial ground) because it's the Y that worries him because if it's not lodging what will it be? It will just be more commercial which he thinks could be bad. There's no doubt it would be bad.

(Interviewer): Why?

(Schwartz): From my point of view or his? From his point of view, he looks at it that the pie is only so big. Every lodging unit, say, generates \$10 worth of retail spending. That's an artificial number. So therefore it's a limited pie divided by how many ever retail stores there are, targeting the people in the hotels. So he's concerned that as the pie gets cut into more and more pieces, there won't be enough to go around.

(Interviewer): So if other kinds of commercial development aren't taking the ground, then retail is?

(Schwartz): My problem is that I want to centralize tourist activity. I'm just adamant that we've got to get them out of their cars and walking. If we have a huge commercial node at the Y that is as attractive as downtown, plus the village.

(Interviewer): So you don't want lodging confined to downtown?

(Schwartz): No, I do. I don't want commercial visitor at the Y. That's what his (the mayor's) fear is. If we don't lodging there, we'll get visitor commercial. My contention is that if we put lodging, we'll also get visitor commercial because we can't put all hotels there. What we've got to try to do: that we've got to get it divided up so that local commercial goes there.

(Interviewer): I thought the most recent rumors are that Smith's (supermarket chain) wants to go in there.

(Schwartz): That's fine. It's not blatantly tourist commercial. We need another grocery store. All you've got to do is go to that store (Albertsons) in the middle of the summer.

(Interviewer): ... getting back to current commercial development, Darrel Hoffman (a local real estate appraiser) said the other day that this year there's been 700,000 sq. ft. of commercial approved.

(Schwartz): I believe it. There's Crabtree; then there's the Bob Graham one across from the Wort. And the other Bob Graham one across from Jackson State Bank.

(Interviewer): And then there's the Chuck Schwap one. There's growth at the K-Mart plaza; there's Abi's whole complex. And the CVAA thing. The mini-mall in the Pamida complex.

(Schwartz): But you've really got to break it down. There are two kinds of commercial, and they are radically different from one another. I really feel that commercial development that's oriented to residents, there's a lot of room for growth. There are a lot of unanswered needs. There are a lot of things that people have to go all the way to Salt Lake to get.

(Interviewer): But this is a town...

(Schwartz): I understand that.

(Interviewer): Traditionally, if you need an unusual ball bearing, you'd expect to travel for it.

(Schwartz): I understand that. But I'm talking about more basic stuff. As the community grows in population, there become enough people to support more diverse forms of retail.

(Interviewer): What are examples of this?

(Schwartz): Nobody buys furniture in Jackson.

(Interviewer): Anything that plays into a monopoly market, like the valley's one furniture store, is not going to be price competitive.

(Schwartz): It depends what you do and how you do it.

(Interviewer): To change subjects: When I look around this summer, it's as though in relation to all of this new growth there's some sort of an idea that all of the new entrepreneurs and merchants have agreed upon intuitively. For instance, Jackson Hole is now this kind of a retail environment instead of what it has been until now... some idea of what Jackson Hole is.

(Schwartz): Are you referring to the style of retail?

(Interviewer): Yes, like when people all over the country start to buy a stock; this notion that to go into business here is a smart idea. That there's something that the pack has missed.

(Schwartz): One thing you've got to look at is that by and large people in Jackson Hole go to the same merchandising marts. Denver sucks in a huge amount of dollars out of Jackson. It's the best western wear mart in the world, for instance.

We go to Los Angeles for our clothing because we find that Los Angeles is the market best suited to what we want to do with cloths. So all of these people, if they go to Denver, are seeing a limited amount of product. If they're buying there, the odds

are that they're going to be bringing back a lot of the same stuff.

(Interviewer): If they bring back the same stuff, then it's offered for sale in several locations around town. What, though, does that mean?

(Schwartz): I thought that was what you were getting at.

(Interviewer): No, I guess what I'm trying to ask is: What is the idea of Jackson Hole that someone who comes in and sets up a freestanding retail boutique... what is their image of what they can offer and what this community is? They're perceiving an opportunity here that isn't filled, otherwise they wouldn't attempt to fill it themselves.

(Schwartz): And some of them have the strangest ideas. I mean, I'll be honest. Sometimes Jean (his wife) shake our heads: we can't believe that someone is going opening a store that sells such and such. And much to our amazement, two years later, it's still there.

The primary thing then is your perception of the market. Most people when they first come here in the summer, they see the foot traffic. Let's say they own a store in a mall in Memphis, or anyplace -- malls are really the standard of how retail is judged these days, square footage, rental, how much you sell per square foot, how many people come into your store on an average day-- Jackson downtown is like a huge open air mall, and that's what they see. Incredible foot traffic, and they say to themselves, I can get a piece of that pie. Look at all these people. These are not locals I'm talking about; these are the people coming in from out of town: I have some wonderful taste. I can do well here.

In terms of the rents, people who are used to malls aren't scared by the rents in Jackson Hole. I don't think they're out of line with your average mall.

(Interviewer): This is very interesting. You're bringing a perspective to this that comes from within, from within the viewpoint of an investor or a retailer.

(Schwartz): I'm a retailer... They locals take a different approach. If they open a business, it's going to be because they know of a product and they know of a segment of the community that needs something. They're not going to look at the tourist: no local, I think, would start a business that markets exclusively to the tourist because locals know that you can't make it in three months. You can't pay the rents; you've got to get a mix.

(Interviewer): If you can't make it on a strong summer season and a weaker winter season, do you anticipate some business failures, given this explosion of development?

(Schwartz): Sure. Every year they're at least two or three.

(Interviewer): Are those failures or withdrawals?

(Schwartz): What's the difference?

(Interviewer): To me, a withdrawal would be like the decision to join an ashram, pocket your fortune and leave.

(Schwartz): ... very few withdrawals. They might be termed withdrawals; people don't like to admit failure. By and large, if you've got a business that's going gung-ho, you don't withdraw. You'd sell because when you withdraw, you don't get anything.

(Interviewer): That's right. Of course. I can't imagine a business with a broader spectrum of clients than your toy store. As the retail environment has changed, have you noticed a change in your customers?

(Interviewer): One has to believe that all of these new businesses are confident that they have identified an as-of-yet, poorly recognized segment of the market.

(Schwartz): What's driving this whole retail boom... if you go back to when we opened our store, the people nowadays are going more upscale. They're spending more money. If you go back 20 years, it's certainly true. The way people approach spending \$100 or even \$1,000, it's a lot easier to part them from their money, to speak from a retailer's point of view.

The low end is being driven out. They're finding it harder and harder to even come to Jackson. Hotel rates are going up; camping sites are harder to get. We used to get a lot of people in our store: We weren't that comfortable having them in our store; they weren't that comfortable being in our store; they were looking for teenage mutant ninja turtles and \$3 outfits for their kids, and we don't carry that stuff. Anyhow, that's changing. The market is definitely changing.

The more upscale the market gets, the more true retailers -- I'm talking about true pros, not Bill and Judy who've always wanted to store in the mountains; I'm talking about J Crew and the Nature Company -- these people look around and say, you know, we can put a store in this place and it will pay for itself. I don't know how these guys deal with what's acceptable expense; they've got catalogues and to a certain extent it pays to have people just walk into the store and not buy because they're going to get the catalogue...

That to me is what driving recent developments in retail because it's not locally based tourist commercial, it's franchise based tourist commercial that's coming in by and large. B. Jammin, Overland Outfitters... I don't know how these guys decide. Ralph

(Lauren) came in, and obviously hit the big time. It's probably the busiest store in Jackson. And I'm sure there's this network of franchisers that said, "Hey, boy, they're doing good in Jackson."

(Interviewer): When I think of franchises, I think of middle America, of malls in Springfield, Missouri and Billings, Montana. When I picture a number of these new businesses going in, they're at least as many, if not more, of these unaffiliated, independently owned businesses going into the prestige buyer market. Places like Snake River Grill and Images of Nature, albeit they are relocating.

(Schwartz): There are actually two things happening side by side. There's the upper end, and then there's the higher middle. The kind of go hand-in-hand. There was always a spectrum and the whole spectrum has moved up. We've knocked out the low end. Even some of the low end shops, if you looked at the Ranch Shop and Wyoming Studios, and you walked into them ten years ago and you walked in now, I guarantee you that they've moved up a notch.

(Interviewer): What happened somewhere along the line to make Jackson Hole interesting to this slice of the socioeconomic scale?

(Schwartz): The ground work was always there because it's an amazing place. Whether it's better airlines connections, whether it's the new better place because people got tired of the old better place.

Aspen is the perfect example because they keep moving up to, to the point where they don't even have a middle class. I can't put my finger on what caused the change; I can lament the change certainly.

(Interviewer): Is part of it perhaps that top end businesses depend more relatively on a residential population?

(Schwartz): There's certainly been a huge increase in the "second homeless." I got this from a carpenter friend years ago when he stopped building residences and started building strictly second homes because they didn't have a second home.

But also to all of the people that are coming to visit, Jackson Hole gets a certain cachet. Bill who works with the investment banker next door thinks that Jackson Hole is a great place because he stayed at Spring Creek, and now the neighbor comes here, too. I don't know; the upper end is scary. I don't know much about upper end retailing.

We were interrupted here and couldn't continue our conversation.